

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

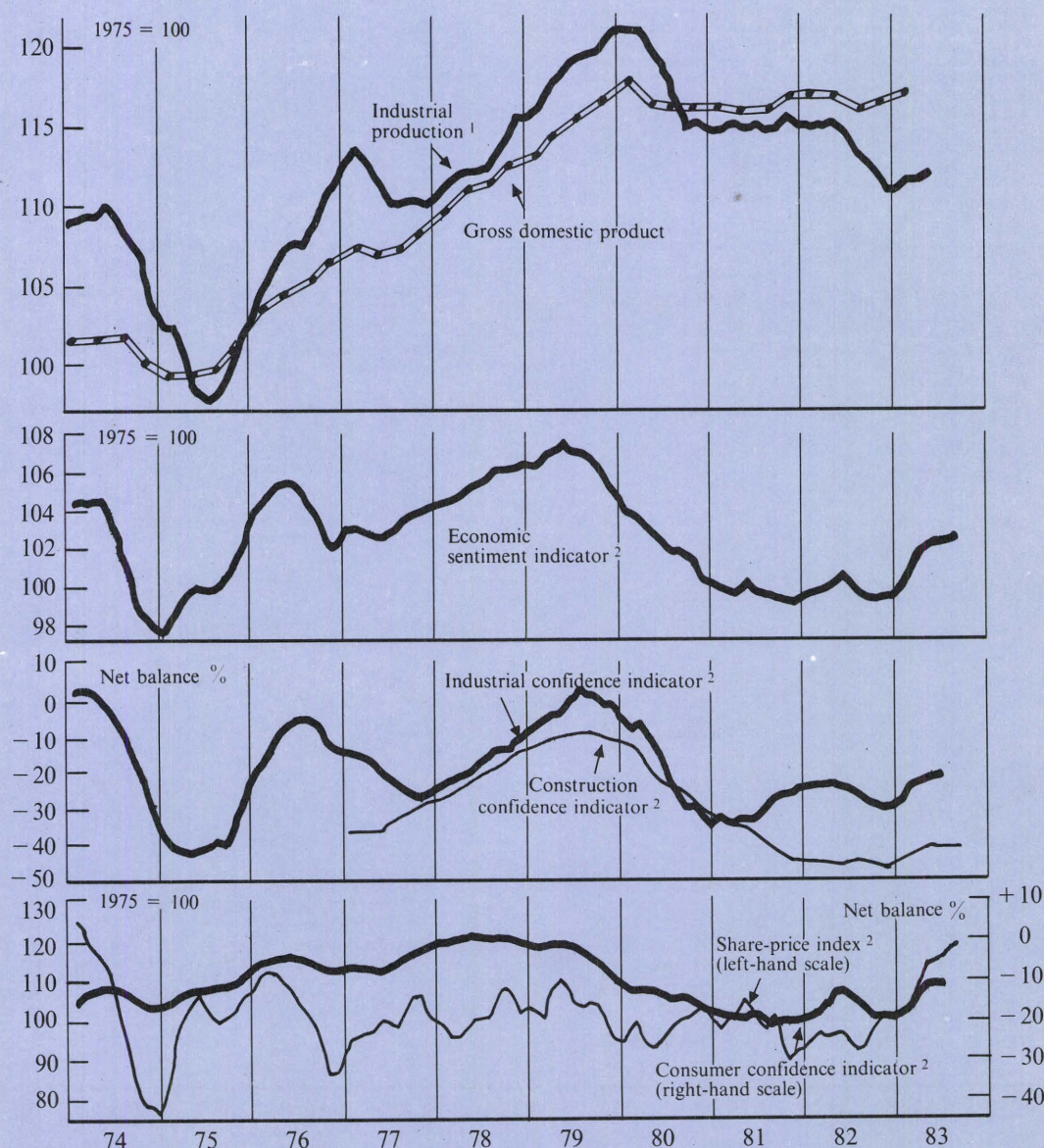
Supplement B — No 8/9 — September 1983

Business survey results

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*This month:
Quarterly survey data*

GRAPH 1: Indicators of output and economic sentiment — European Community



For footnotes see page 6.

Slow improvement in economic confidence. — The industrial confidence indicator, based on monthly data on production expectations, order-books and stocks of finished products has been improving since December 1982 but at a rather slow rate. Additional information extracted from the business and consumer surveys may be taken as indicating that a pause in this trend occurred in the middle of the year (see below).

Since March, the EC economic sentiment indicator—a broader measure of the economic sentiment and expectations of companies and individuals—has increased by only 0,7 points. Positive factors have been the somewhat greater optimism noted in industry, and rising share prices. Share-price indices have, in general, continued to increase this summer except in the Federal Republic of Germany, and in the Netherlands where there were previous strong rises. At the time of writing, moreover, signs of a pause are perceptible on the stock exchanges of London and Paris, which may be due to profit taking. Support for economic sentiment in coming months is likely, in these countries, to be provided by factors related to the demand of goods and productive activity.

Industrial investment prospects. — The trend of investment in the manufacturing and extractive industries as indicated by the Commission's investment survey (Graph 2),¹ suggests that this component of aggregate demand will continue to be weak in 1983. The sample of chief executives consulted in the survey (in the spring and autumn of each year) is, however, now forecasting some flattening of the investment trend, as opposed to the sharp falls of the last two years. It can be seen from

Graph 2 that the survey indicator of the EC industrial investment trend corresponds reasonably closely to the decline in fixed capital formation as a whole in the 1973-75 and the 1980-82 periods, while understating the recovery of 1978-79: the reason for this is, probably, that the investment of the non-industrial sectors (principally services) was probably relatively active during the latter part of the 1970's.

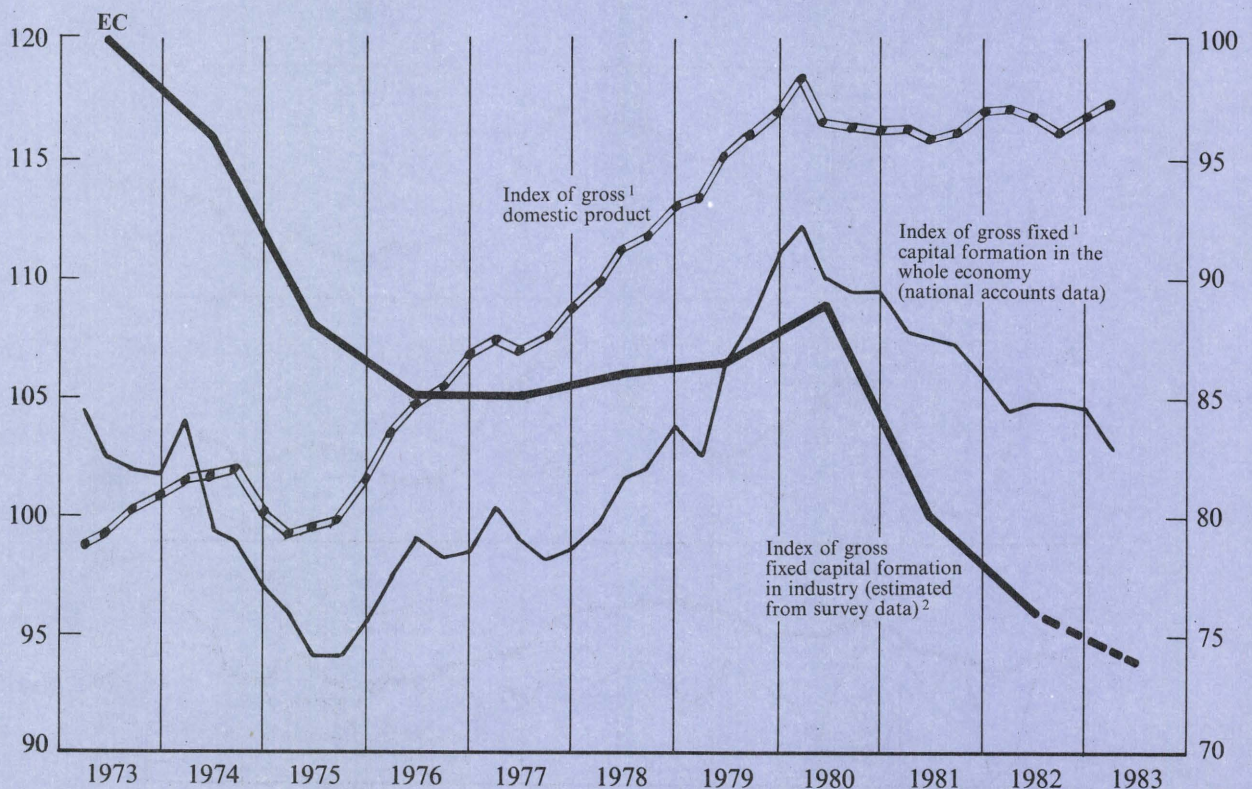
It is, of course, of considerable importance for the continuation of the mild recovery process which now appears to be under way in the Community that industrial investment should soon begin to increase in real terms. The spring 1983 survey indicated that such an increase had not yet begun. The October-November, 1983, survey results (available at end-year) are, therefore, awaited with interest as a possible indication of underlying strength in the current cyclical upturn. The present low capacity utilization level—77,2% in Summer 1983 (seasonally adjusted data)—is a factor tending to inhibit expansionary investment on a large scale; it is significantly lower than that (79,5%) which was observed in the second quarter of 1978, at the outset of the 1978-79 investment recovery. However, the increase in selling-price expectations in countries like Germany and the United Kingdom might cautiously be interpreted as an indicator of increased profit margins, which would facilitate expansion in sectors with profitable opportunities to invest.²

Manufacturing industry. — Production expectations remain positively orientated in the Member States leading the recovery from recession: the Federal Republic of Germany, the United Kingdom, the Benelux countries and, more recently, Italy. (See Table 9. In France there is no August survey of industrial chief executives.) The recent industrial surveys suggest in general (given the one or two quarter lag in actual production with

¹ The industrial investment trend shown in Graph 2 is estimated from the conjunctural survey of chief executives in industry, carried out in March-April and October-November of each year. The estimates of the percentage change in current investment outlays given by the survey are deflated using the implicit price of gross fixed capital formation in the national accounts (ESA). The resulting volume-change estimates are then applied to an index value of 100 for 1973. The final survey estimates for each year are shown in the graph, based on the enquiry of the spring following the year in question. For 1983, however, the forecast given in the March-April 1983 survey is used. It should be noted that both the GDP and the gross fixed capital formation curves in Graph 1 relate to the four larger EC Member States (D, F, I and UK), since quarterly accounts are not available for the remainder of the Community.

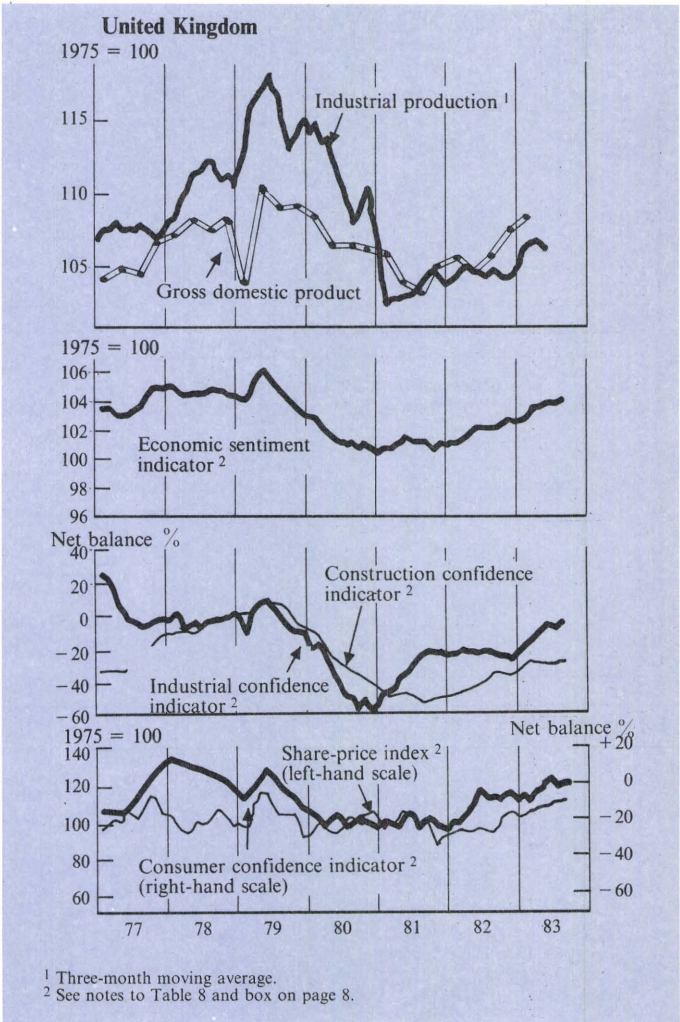
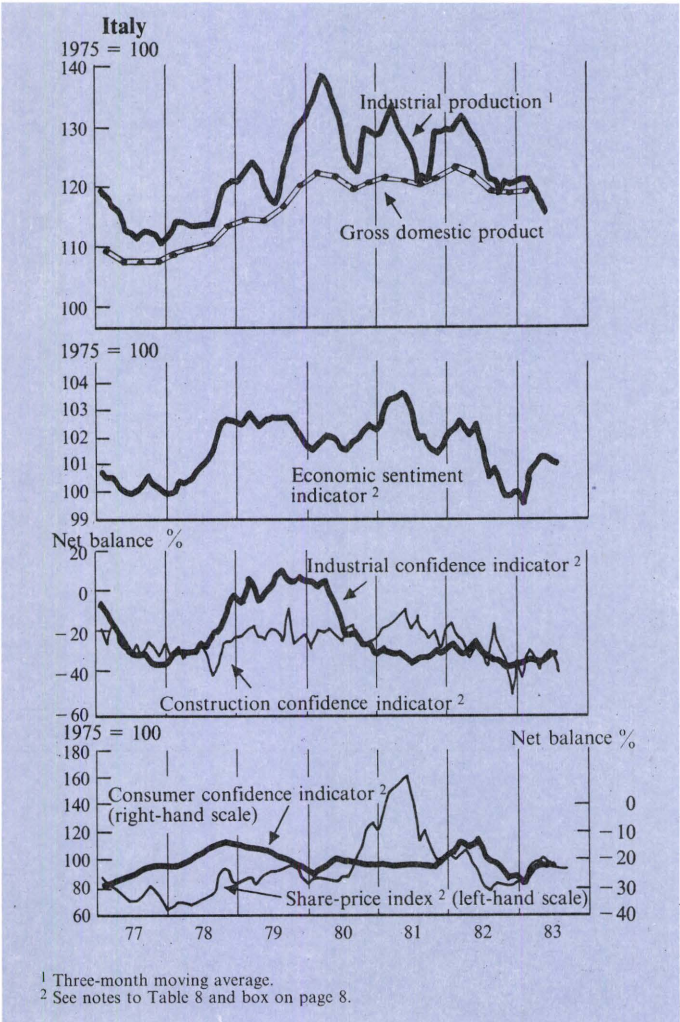
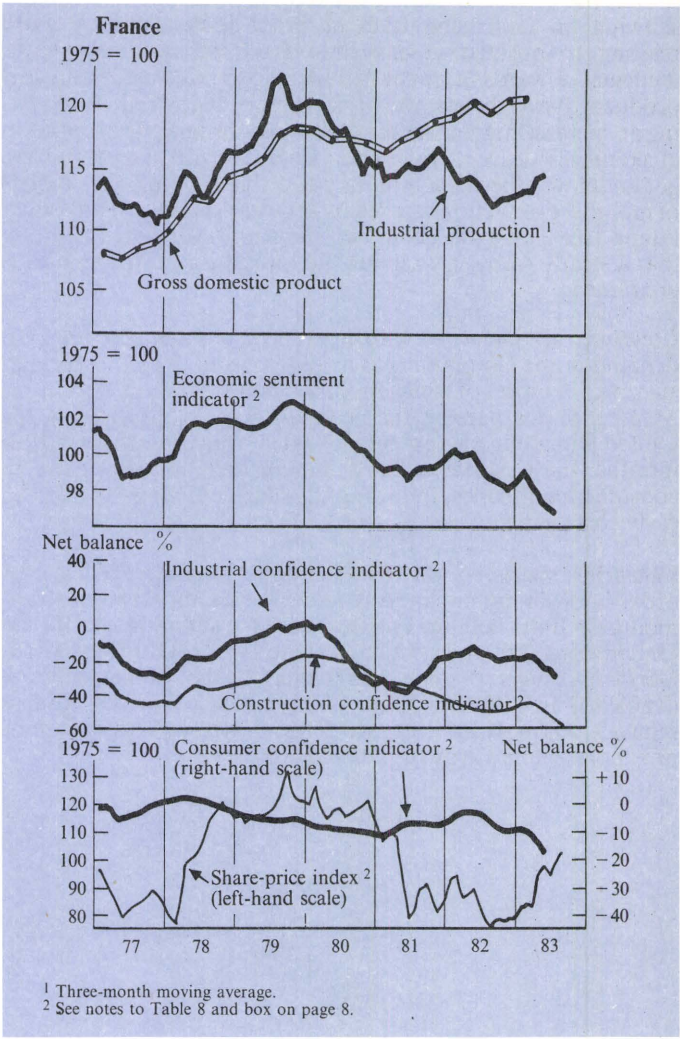
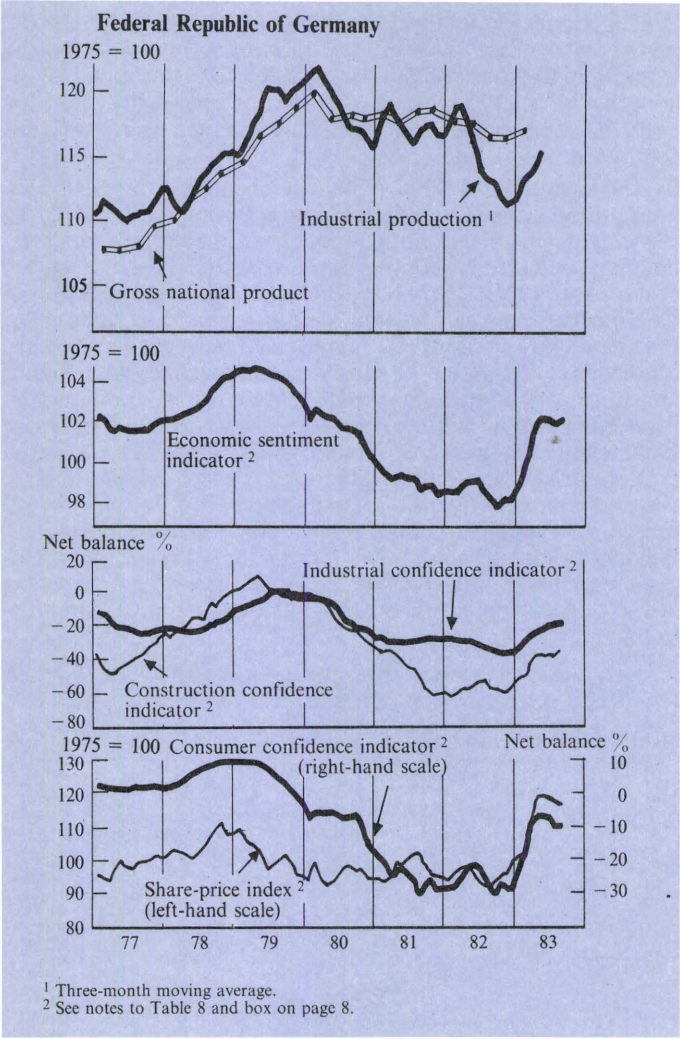
² The investment survey data in Table 1 incorporate results for Denmark, Luxembourg and the Netherlands which had not been made available in time for publication in the Supplement B of July, as well as corrected figures for Italy and the United Kingdom. The EC estimates have been modified accordingly.

GRAPH 2: Trend of industrial investment in the Community (business survey indicator)



Sources: Eurostat. EC business surveys.
¹ left-hand scale.
² right-hand scale.

GRAPH 3: Indicators of output and economic sentiment in four Member States



respect to output expectations) that EC industrial production should rise gradually during the second half of this year. Data showing an improving level of order-books confirm those relating to production expectations; there is, moreover, a tendency towards a reduction in excess stocks of finished products. Nevertheless, the proportion of industrialists reporting an increase in their recent flow of *new* orders has dropped in all countries—except Denmark—where recovery seems to have got under way these last months (see Table 2), while the number of months' production assured by orders on hand is, if anything, falling (see Table 4). These two indicators suggest, therefore, that a steady recovery in industrial output is not by any means guaranteed.

Consumer sentiment. — Information on the outlook for final demand in the Community is available from the EC consumer surveys, in respect of which monthly data are provided for three Member States, namely, the Federal Republic of Germany, the United Kingdom and (except in August) Italy. For the last three months these surveys show no further improvement in consumer confidence, following the sharp upswing experienced early this year.

Industrial exports. — The trend of opinion on the level of export order-books in manufacturing industry has improved in recent months in Italy, Belgium and in France but survey results for the United Kingdom and, to some extent, the Federal Republic of Germany, suggest some weakening in the export outlook (Table 9). In addition, there is a tendency (derived from a separate quarterly indicator) to revise downwards expectations of export volume growth (see Table 3).

The building industry. — Despite noticeable improvements in the Federal Republic of Germany and, to a smaller extent, in the United Kingdom and in the Netherlands, the results of the EC survey do not give reasons for expecting a Community-wide recovery in the construction sector (Table 10). It is noteworthy, in particular, that the French construction confidence indicator has fallen to its lowest level since 1977, when the survey was first conducted in that country.

By and large, the validity of this assessment is supported by information on the level of activity in 1982 and the prospect for 1983, as given in the latest report of European Community building contractors.³ Decreasing mortgage rates and prospects of improved profitability have, however stimulated activity in the German housing and non-residential building sectors. In Britain, an inflow of private savings into building societies has enabled these companies to satisfy more adequately the demand for mortgages for private house purchases. By contrast, in France, activity in the building industry is expected to fall in 1983. Significant decreases in building activity are also expected in Belgium and even in the Netherlands, where contractors are, however more confident than in France, according to the EC survey. In general, the lack of buoyancy in the Community building sector as a whole seems largely due to the contraction of government spending on building and public works, a reflection of the budgetary discipline being enforced by most administrations.

20 September 1983.

³ Source: F.I.E.C. (European Community Contractors), rapport semestriel N. 13 juillet 1983, 'Situation de l'industrie de la construction'.

TABLE 1: Industrial investment survey by branch

Results of the March/April 1983 investment survey, % change in value, over the preceding year

	Basic materials industries (a)		Metallurgical industries		Mechanical industries		Processing industries (b)		Extractive industries		Food industries		Total, all industry	
	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983
B (c)	+19	-1	+13	-20	+22	-19	+33	-2	:	:	-1	+26	+18	-9
DK (c)	:	+6	:	+17	:	+10	:	+28	:	:	:	+2	+4	+11
D	-2	-3	-8	-13	+1	+4	-13	+5	+17	+8	-6	+6	-2	+2
GR	+25	-57	-4	-20	+1	+33	-22	-9	:	:	-15	-10	+6	-35
F	0	+7	+5	+29	+9	+7	+12	0	-3	-6	-1	+5	+6	+6
IRL (c)	-15	-27	+43	-68	+36	-19	-38	+21	:	:	+39	-17	+27	-18
I	+8	+2	+10	+7	+14	+12	+17	+13	+23	-26	+5	+12	+13	+7
L (d)	+12	-45	+16	-24	+53	-79	+74	-13	:	:	:	:	+34	-39
NL	-5	+29	-11	+7	0	-9	-5	-5	+30	+20	-8	+16	0	+11
UK (c)	-11	+7	-12	0	+2	0	0	+1	:	:	+3	-1	-3	+2
EC (c)	-2	+3	-3	+2	+5	+3	+1	+3	:	:	-2	+6	+2	+3

TABLE 2: New orders in manufacturing industry (a)

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1980	1981	1982	1981				1982				1983		
				I	II	III	IV	I	II	III	IV	I	II	III
B	-15	-13	-6	-20	-15	-11	-7	-5	-6	-4	-10	-9	+6	-4
DK	-3	-4	0	-16	+3	+3	-7	-10	+11	+4	-5	+19	-6	+16
D	-6	-14	-17	-22	-9	-21	-4	-20	+3	-24	-28	-8	+26	+4
F	-1	-29	-13	-34	-37	-27	-19	-8	-16	-4	-24	-21	-21	-15
IRL	-41	-16	-31	-29	-26	-15	+5	-22	-17	-46	-37	-47	-34	-13
I	-10	-14	-16	-21	-8	-16	-11	-33	-5	-18	-8	-26	-4	-16
L	-32	-33	-33	-55	-50	-43	+18	-2	-10	-52	-66	-52	+34	+10
NL	-5	-2	+1	-7	+1	-14	+14	-16	+8	0	+10	-10	+9	+8
UK	:	:	-15	:	:	:	-8	-3	-3	-20	-32	-15	+20	+13
EC (c)	-6	-18	-14	-25	-17	-21	-9	-14	-4	-16	-23	-15	+9	-1

For footnotes see page 5.

TABLE 3: Export volume expectations in manufacturing industry (a)

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1980			1981				1982				1983		
	Range (b)		1980	Range (b)		1981	1982	Range (b)		1981	1982	Range (b)		1983
	Peak 1973	Trough 1975		Peak 1973	Trough 1975			Peak 1973	Trough 1975			Peak 1973	Trough 1975	
D	-5	-3	-6	-6	0	-2	-2	0	+5	-10	-19	-12	-3	-7
F	-16	-17	-15	-23	-17	-15	-12	-7	-11	-16	-26	-19	-6	-15
IRL	-8	0	+3	+11	-4	-13	+5	+3	+3	+2	+2	-3	-3	+3
I	-8	+4	-2	+1	-1	+5	+9	+8	+3	-5	-13	-7	0	-2
L	-42	-35	-36	-65	-69	-3	-4	+4	-10	-65	-74	-64	+2	+9
NL	-1	+2	+3	0	+10	-1	0	-5	+9	-7	+16	-7	+15	+3
UK	:	:	0	:	:	:	+12	+5	+5	-3	-6	+1	+12	+7
EC (c)	-7	-4	-5	-8	-3	-4	0	-1	+2	-8	-12	-10	+1	-3

TABLE 4: Estimated number of months' production assured by orders on hand in manufacturing industry (a)

	Range (b)		1980	1981	1982	1981			1982				1983		
	Peak 1973	Trough 1975				II	III	IV	I	II	III	IV	I	II	III
B	4,5	2,8	3,5	3,4	3,4	3,3	3,4	3,4	3,3	3,5	3,4	3,4	3,2	3,2	3,1
D	3,3	2,8	3,2	2,9	2,7	2,9	2,9	2,9	2,8	2,7	2,7	2,5	2,6	2,7	2,6
F	3,5	2,7	4,0	3,6	3,5	3,7	3,5	3,5	3,2	3,7	3,7	3,5	3,2	3,2	3,2
IRL	2,2	1,8	1,8	2,0	2,0	1,9	2,4	2,4	2,0	2,1	2,0	1,8	1,8	1,7	1,7
I	4,7	3,7	4,8	4,0	4,2	3,9	4,3	3,9	4,0	4,5	4,2	4,0	4,7	4,1	3,8
L	3,5	1,4	2,2	2,3	1,9	2,4	2,7	2,0	2,2	1,8	1,9	1,7	1,7	2,2	1,8
NL	4,7	2,6	4,0	3,7	3,7	3,7	3,8	3,4	4,0	4,1	4,0	2,8	2,6	2,6	2,6
UK	:	:	2,5	2,8	3,0	2,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0
EC (c)	3,7	3,0	3,5	3,2	3,2	3,1	3,3	3,2	3,1	3,3	3,3	3,1	3,1	3,1	3,0

TABLE 5: Expected capacity constraints in manufacturing industry: i.e. net balance of respondents expecting capacity to be more than sufficient in relation to production expectations (a)(d)

	Range (b)		1980	1981	1982	1981			1982				1983		
	Peak 1973	Trough 1975				II	III	IV	I	II	III	IV	I	II	III
B	-12	+58	+41	+49	+39	+44	+53	+45	+42	+41	+35	+39	+40	+38	+34
DK	:	:	+20	+32	+35	+34	+27	+27	+36	+33	+34	+37	+35	+32	+31
D	-3	+56	+17	+34	+42	+33	+35	+36	+38	+40	+42	+49	+51	+44	+38
F	-24	+45	+18	+42	+37	+37	+43	+45	+35	+39	+33	+39	+38	+39	+41
IRL	:	+34	+23	+29	+34	+31	+24	+26	+31	+31	+30	+42	+39	+30	+36
I	+1	+63	+30	+45	+47	+48	+50	+37	+36	+45	+51	+55	+54	+53	+56
L	-72	+73	+48	+59	+60	+57	+58	+54	+61	+60	+59	+61	+63	+57	+57
NL	-3	+60	+23	+35	+47	+33	+36	+42	+48	+49	+50	+41	+39	+29	+28
UK	:	:	+50	+63	+60	+67	+62	+57	+58	+60	+59	+63	+64	+50	+45
EC (c)	-7	+54	+27	+44	+46	+43	+45	+43	+42	+45	+45	+50	+50	+45	+42

TABLE 6: Capacity utilization in manufacturing industry (%) (s.a.)

	Range (b)		1980	1981	1982	1981		1982				1983		
	Peak 1973	Trough 1975				III	IV	I	II	III	IV	I	II	III
B	85,4	70,4	77,6	74,0	75,7	73,2	74,7	74,4	75,2	76,5	76,6	76,1	74,8	75,4
D	88,1	74,8	84,1	78,9	77,3	79,1	78,4	78,9	77,7	77,4	75,3	75,4	75,7	77,6
F	87,8	76,6	85,0	82,1	81,9	81,6	82,0	81,5	81,6	82,1	82,3	81,8	80,6	81,0
IRL	:	:	65,0	60,9	59,1	62,4	61,1	61,6	58,9	59,0	56,9	56,9	59,5	57,5
I	78,8	68,0	75,7	72,8	71,9	72,7	73,8	71,7	71,6	72,2	72,2	70,4	70,1	69,1
L	:	:	79,5	73,5	78,3	72,8	75,8	75,3	81,0	79,5	77,5	73,4	70,5	66,5
NL	86,0	76,0	81,3	78,4	76,8	78,6	77,8	77,2	76,3	75,8	77,7	78,1	79,2	79,9
UK (e)	90,6	75,5	76,4	72,5	74,3	73,7	74,7	74,1	73,2	74,8	74,9	74,8	75,4	77,0
EC (f)	86,4	75,0	81,2	77,4	77,0	77,6	77,7	77,3	76,7	77,3	76,7	76,4	76,4	77,2

TABLE 7: Employment expectations in manufacturing industry (a)

Net balance of respondents expecting employment up, unchanged or down

	Range (b)		1980	1981	1982	1980		1981	1982				1983		
	Peak 1973	Trough 1975				Oct./ Nov.	June/ July		I	II	III	IV	I	II	III
B	+12	-26	-21	-18	-14	-29	-19	-16	-12	-11	-14	-20	-17	-9	-14
DK	:	:	-14	-10	-9	-25	-9	-10	-17	+3	-10	-10	-17	-1	0
D	+13	-34	-6	-20	-32	-12	-14	-26	-28	-27	-29	-42	-29	-26	-25
F	+17	-35	-29	-39	-23	-33	-41	-37	-23	-22	-18	-29	-32	-28	-27
IRL	+15	-34	-33	-25	-30	-29	-19	-30	-23	-37	-26	-34	-20	-26	-34
I	+13	-26	-22	-38	-36	-28	-34	-42	:	-29	:	-43	:	:	-34
L	+75	-67	-13	-44	-49	-13	-49	-38	-51	-51	-50	-43	-54	-43	-56
NL	+4	-32	-10	-17	-22	-9	-17	-17	-15	-18	-21	-33	-37	-30	-25
UK	:	:	-52	-48	-39	-64	-52	-44	-34	-37	-39	-44	-44	-26	-22
EC (c)	+12	-31	-24	-32	-31	-30	-30	-33	-26	-26	-33	-39	-33	-26	-25

(a) Details of the questions are given on the last page. The data are not adjusted for seasonality.

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1973 and 1975, respectively.

(c) Weighted total of available country data.

(d) Answers to the question whether, taking into account the level of order-books or production capacity is more than sufficient (+), sufficient (=) or less than sufficient (-). Thus, negative net balances (capacity less than sufficient) indicate high levels of capacity utilization and positive net balances (capacity more than sufficient) are associated with low levels of capacity utilization.

(e) The series for the United Kingdom are estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.

(f) Column totals, with country data weighted by volume of industrial production in 1975.

Source: European Community business surveys.

TABLE 8: Indicators of output and economic sentiment

		Trough 1974/75	1980	1981	1982	1982		1983		1983					
						III	IV	I	II	March	April	May	June	July	August
B	<i>gross domestic product</i>	1975=	115,1	113,9	112,8	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	88,2	114,9	111,6	111,9	111,2	111,1	112,4	112,1	112,1	110,9	:	:	:
	1. industrial confidence indicator		-56	-22	-27	-22	-21	-26	-23	-21	-22	-22	-20	-22	-21
	2. construction confidence indicator		-36	-28	-47	-48	-51	-52	-56	-57	-61	-58	-57	-57	-54
	3. consumer confidence indicator ^{1,4}		-18	-20	-27	-27	-27	-28	-31	-22	:	:	:	:	:
	4. share-price index ^{4,5}		84,9	86,7	70,7	86,8	86,5	89,9	96,9	110,8	102,3	108,3	110,7	113,5	116,5
	= 5. economic sentiment indicator		99,3	100,2	97,8	99,0	98,8	98,6	98,8	100,7	99,4	100,2	100,8	101,0	101,3
D	<i>gross national product</i>	1975=	99,0	119,0	118,9	117,9	116,9	116,7	117,4	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,7	128,3	126,5	122,9	112,1	109,9	111,0	114,6	114,2	113,1	114,2	117,5	:
	1. industrial confidence indicator		-49	-14	-30	-33	-35	-38	-30	-23	-28	-24	-23	-21	-19
	2. construction confidence indicator		-72	-18	-48	-59	-57	-59	-48	-39	-42	-39	-40	-39	-36
	3. consumer confidence indicator ^{1,4}		-22	-5	-22	-26	-28	-28	-17	-7	-9	-7	-7	-8	-10
	4. share-price index ^{4,5}		80,0	106,3	108,7	108,3	105,2	111,2	121,3	139,4	129,5	130,4	139,9	138,9	138,3
	= 5. economic sentiment indicator		98,8	101,9	98,9	98,2	97,5	97,4	99,5	101,8	100,9	101,8	101,9	101,8	101,7
F	<i>gross domestic product</i>	1975=	98,5	116,2	116,4	118,9	119,6	120,7	120,8	:	:	:	:	:	:
	<i>index of industrial production</i>	100	81,6	118,8	116,1	114,3	112,5	113,4	114,3	115,2	113,4	114,3	117,0	114,3	:
	1. industrial confidence indicator		-49	-15	-30	-17	-18	-20	-18	-23	-18	-19	-25	-25	-29
	2. construction confidence indicator		:	-21	-36	-49	-50	-50	-44	-50	:	-50	:	:	-59
	3. consumer confidence indicator ^{1,4}		-9	-10	-9	-5	-7	-10	-9	-17	:	:	:	:	:
	4. share-price index ^{4,5}		79,8	148,8	131,5	131,0	124,9	130,0	144,3	167,8	151,1	163,5	171,8	168,0	176,6
	= 5. economic sentiment indicator		98,1	100,9	98,9	98,9	98,7	98,2	98,6	97,3	98,3	97,9	97,2	96,0	96,6
IRL	<i>gross domestic product</i>	1975=	121,5	123,6	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,3	132,9	134,7	135,3	135,2	136,3	142,3	:	140,9	137,9	137,7	:	:
	1. industrial confidence indicator		-41	-31	-18	-19	-25	-24	-26	-24	-28	-25	-24	-23	-18
	2. construction confidence indicator		:	-49	-33	-51	-44	-76	-77	-65	-75	-54	-71	-59	-40
	3. consumer confidence indicator ^{1,4}		-41	-22	-28	-34	-35	-39	-36	-44	:	:	:	:	:
	4. share-price index ^{4,5}		63,4	211,9	219,9	179,9	175,2	177,9	171,6	206,8	171,5	190,8	207,5	222,0	237,6
	= 5. economic sentiment indicator		97,7	101,9	102,0	101,4	101,8	100,5	100,8	101,5	100,9	101,3	101,5	101,6	101,9
I	<i>gross domestic product</i>	1975=	93,1	120,8	120,6	120,4	118,7	118,5	118,9	:	:	:	:	:	:
	<i>index of industrial production</i>	100	93,6	117,8	115,2	112,2	131,1	130,2	131,1	125,1	120,2	114,4	117,3	114,4	:
	1. industrial confidence indicator		-59	-13	-31	-31	-33	-36	-35	-33	-36	-35	-33	-30	-29
	2. construction confidence indicator		-56	-22	-18	-29	-26	-26	-35	-34	-34	-39	-32	-32	-37
	3. consumer confidence indicator ^{1,4}		-39	-22	-22	-18	-21	-26	-25	-21	-22	-21	-21	-22	-22
	4. share-price index ^{4,5}		84,6	105,4	160,0	129,9	119,8	127,4	150,4	165,7	157,0	171,0	166,0	160,0	162,0
	= 5. economic sentiment indicator		99,1	102,2	102,1	101,8	100,6	99,9	100,5	101,2	101,0	101,3	101,3	101,1	101,1
NL	<i>gross domestic product</i>	1975=	113,3	112,1	111,1	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	98,0	111,0	109,0	106,0	104,0	104,3	107,3	107,3	106,0	108,0	109,0	105,0	:
	1. industrial confidence indicator		-44	-12	-25	-25	-26	-23	-20	-17	-19	-17	-15	-18	-17
	2. construction confidence indicator		-47	-24	-32	-41	-42	-40	-42	-37	-41	-36	-36	-39	:
	3. consumer confidence indicator ^{1,4}		-19	-25	-31	-32	-33	-37	-34	-28	:	:	:	:	:
	4. share-price index ^{4,5}		80,5	93,1	98,9	100,0	96,0	106,6	122,7	142,2	131,8	141,0	139,3	146,3	151,9
	= 5. economic sentiment indicator		99,6	99,4	98,3	98,1	97,5	97,8	98,8	101,4	99,5	100,3	100,4	100,6	101,1
UK	<i>gross domestic product</i>	1975=	98,1	107,6	105,1	106,6	107,7	109,8	110,3	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,0	108,2	103,9	104,6	104,7	104,4	106,5	106,1	106,1	106,5	107,1	104,8	:
	1. industrial confidence indicator		:	-43	-33	-25	-25	-28	-21	-10	-17	-14	-10	-7	-9
	2. construction confidence indicator		:	-30	-51	-42	-38	-38	-31	-32	:	-32	:	:	-30
	3. consumer confidence indicator ^{1,4}		-33	-18	-21	-12	-8	-7	-6	+1	-4	-2	+3	+2	-1
	4. share-price index ^{4,5}		49,2	210,0	237,0	274,6	275,3	309,4	321,8	344,3	328,5	339,9	341,0	352,7	359,5
	= 5. economic sentiment indicator		95,0	101,5	100,9	101,8	102,1	102,4	102,9	103,7	103,2	103,8	103,9	103,8	104,1
EC	<i>gross domestic product^{2,3}</i>	1975=	99,0	116,2	115,8	116,2	116,1	116,7	117,2	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,8	117,1	114,5	112,6	112,3	110,3	111,1	111,3	110,7	111,7	111,6	111,7	:
	1. industrial confidence indicator		-49	-20	-31	-27	-28	-30	-25	-21	-24	-23	-22	-20	-20
	2. construction confidence indicator		:	-23	-39	-43	-45	-48	-41	-40	(-39)	-41	(-40)	(-40)	-42
	3. consumer confidence indicator ^{1,4}		-17	-13	-19	-17	-19	-20	-16	-12	-13	-12	-12	-12	-13
	4. share-price index ^{4,5}		81,8	154,0	170,2	187,2	185,3	203,2	218,0	243,0	227,0	239,0	242,2	247,7	253,9
	= 5. economic sentiment indicator		97,4	102,4	99,9	100,1	100,4	99,2	100,7	102,2	101,6	102,1	102,2	102,4	102,3

¹ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the message of construction of the indicator, see: *European Economy - Supplement C*.

² Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

³ For the Federal Republic of Germany, gross national product.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

For definitions of series 1 to 5, see Tables 9 and 10 and box on page 8.

Source: European Community business surveys and Eurostat.

TABLE 9: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
 Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1982		1983		1983					
		Peak 1972/73	Trough 1974/75				III	IV	I	II	March	April	May	June	July	Aug.
B	production expectations	+31	-56	-24	-26	-18	-16	-25	-23	-19	-23	-20	-16	-20	-15	-15
	order-books	+13	-74	-31	-45	-40	-37	-41	-39	-36	-38	-38	-36	-35	-35	-32
	export order-books	+15	-82	-36	-47	-40	-39	-49	-39	-35	-39	-37	-35	-32	-31	-30
	stocks of finished products	-14	+37	+11	+11	+8	+10	+11	+8	+10	+6	+9	+9	+12	+12	+8
	selling-price expectations	+64	-10	+20	+29	+28	+23	+23	+23	+24	+24	+22	+23	+27	+23	+25
	industrial confidence indicator	+19	-56	-22	-27	-22	-21	-26	-23	-21	-22	-22	-20	-22	-21	-18
DK	production expectations	:	:	-4	-3	+3	-7	+16	-8	+11	:	:	:	:	:	:
	order-books	:	:	-6	-24	-17	-23	-17	-9	-9	:	:	:	:	:	:
	export order-books	:	:	+9	-8	-4	-12	-1	-5	0	:	:	:	:	:	:
	stocks of finished products	:	:	+16	+17	+16	+19	+18	+10	+10	:	:	:	:	:	:
	industrial confidence indicator	:	:	-9	-15	-10	-16	-6	-9	-3	:	:	:	:	:	:
D	production expectations	+17	-32	-10	-17	-20	-22	-28	-12	-2	-5	-1	-4	-2	-1	0
	order-books	-5	-73	-21	-46	-53	-56	-57	-54	-46	-53	-48	-46	-44	-41	-42
	export order-books (d)	+23	+33	-4	-1	-7	-9	-13	-9	-8	-5	-10	-13	-2	-4	-3
	stocks of finished products	-7	+43	+11	+26	+26	+27	+29	+25	+20	+26	+23	+19	+18	+15	+14
	selling-price expectations	+55	+4	+26	+32	+18	+17	+12	+6	+15	+9	+14	+15	+15	+16	+22
	industrial confidence indicator	+10	-49	-14	-30	-33	-35	-38	-30	-23	-28	-24	-23	-21	-19	-19
F	production expectations	+33	-29	-6	-11	-4	-5	-13	-9	-13	-6	-10	-15	-15	-20	:
	order-books	+26	-69	-22	-46	-30	-33	-30	-32	-37	-36	-34	-38	-40	-42	:
	export order-books	+24	-66	-29	-47	-36	-34	-40	-42	-44	-47	-47	-44	-40	-39	:
	stocks of finished products	-14	+50	+17	+34	+16	+16	+16	+13	+18	+12	+14	+22	+19	+24	:
	selling-price expectations	+76	+15	+50	+54	+49	+30	+60	+44	+47	+45	+44	+50	+47	+51	:
	industrial confidence indicator	+29	-49	-15	-30	-17	-18	-20	-18	-23	-18	-19	-25	-25	-29	:
IRL	production expectations	:	-21	-12	-1	-4	-8	-8	-8	-12	-15	-15	-9	-11	-7	-11
	order-books	:	-68	-50	-36	-39	-45	-47	-53	-50	-54	-55	-49	-46	-42	-45
	export order-books	:	-22	-6	+2	-7	-14	-4	-10	-9	-11	-6	-12	-9	-2	+5
	stocks of finished products	:	+35	+31	+16	+14	+21	+18	+17	+10	+16	+6	+14	+11	+5	+4
	selling-price expectations	:	+64	+43	+41	+35	+27	+26	+28	+31	+33	+37	+24	+31	+34	+27
	industrial confidence indicator	:	-41	-31	-18	-19	-25	-24	-26	-24	-28	-25	-24	-23	-18	-20
I	production expectations	+40	-43	-7	-16	-15	-19	-24	-19	-13	-17	-18	-13	-10	-13	-6
	order-books	+30	-82	-22	-49	-53	-53	-58	-62	-59	-66	-62	-63	-52	-51	-48
	export order-books	+13	-67	-37	-45	-49	-51	-53	-55	-54	-59	-57	-54	-50	-46	-48
	stocks of finished products	-24	+53	+11	+28	+25	+28	+27	+24	+25	+24	+26	+22	+27	+22	+24
	selling-price expectations	+76	+10	+63	+59	+50	+54	+48	+43	+46	+40	+43	+48	+46	+46	+38
	industrial confidence indicator	+31	-59	-13	-31	-31	-33	-36	-35	-33	-36	-35	-33	-30	-29	-26
L	production expectations	+84	-80	-33	-39	-40	-45	-36	-27	-7	-6	-8	0	-12	+7	+4
	order-books	:	:	-42	-62	-60	-62	-68	-62	-59	-67	-61	-62	-55	-49	-48
	export order-books	:	:	-52	-81	:	-77	-78	-63	-68	-67	-68	-75	-62	-59	-58
	stocks of finished products	-14	+74	+63	+28	+14	+13	+25	+51	+22	+57	+23	+23	+21	+20	+17
	selling-price expectations	:	-46	+8	+60	+10	-23	-14	+25	+42	+44	+49	+52	+24	+38	+27
	industrial confidence indicator	:	:	-46	-43	-38	-39	-43	-47	-29	-43	-30	-28	-29	-21	-20
NL	production expectations	+26	-26	-3	-6	-5	-5	-9	-4	-1	-5	-1	+3	-4	-2	0
	order-books	+7	-48	-20	-37	-39	-41	-36	-38	-33	-36	-34	-32	-34	-32	-31
	stocks of finished products	-3	+57	+15	+32	+33	+32	+24	+17	+16	+16	+15	+15	+17	+17	+15
	industrial confidence indicator	+12	-44	-13	-25	-26	-26	-23	-20	-17	-19	-17	-15	-18	-17	-15
UK	production expectations	:	:	-30	-4	+1	+1	-5	+4	+15	+11	+12	+14	+19	+19	+23
	order-books	:	:	-65	-69	-54	-53	-56	-48	-33	-44	-40	-31	-29	-32	-26
	export order-books	:	:	-45	-55	-48	-50	-53	-47	-34	-39	-43	-31	-29	-34	-34
	stocks of finished products	:	:	+34	+27	+23	+24	+23	+18	+13	+18	+14	+13	+11	+15	+11
	selling-price expectations	:	:	+36	+25	+27	+27	+17	+21	+25	+24	+23	+27	+24	+22	+29
	industrial confidence indicator	:	:	-43	-33	-25	-25	-28	-21	-10	-17	-14	-10	-7	-9	-5
EC	production expectations	+24	-30	-13	-13	-11	-13	-17	-9	-4	-4	-4	-4	-3	-4	-1
(e)	order-books	+15	-70	-31	-51	-47	-49	-49	-47	-42	-48	-44	-43	-40	-39	-38
	export order-books	+14	-48	-24	-31	-30	-31	-34	-32	-28	-30	-32	-28	-24	-25	-25
	stocks of finished products	-10	+48	+17	+28	+22	+23	+23	+19	+18	+19	+18	+19	+18	+18	+17
	selling-price expectations	+64	+9	+38	+40	+32	+28	+30	+24	+29	+25	+28	+31	+29	+32	+33
	industrial confidence indicator	+16	-49	-20	-31	-27	-28	-30	-25	-21	-24	-22	-22	-20	-20	-19

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) Details of the questions are given on the last page.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.

(e) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981.)

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 10: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1982		1983		1983					
		Peak 72/73	Trough 74/75				III	IV	I	II	March	April	May	June	July	Aug.
B	order-books	-13	-47	-32	-53	-61	-65	-68	-71	-72	-68	-70	-73	-73	-73	-73
	employment expectations	+31	-24	-23	-41	-36	-37	-37	-41	-42	-53	-46	-41	-40	-35	-40
	price expectations	+75	+25	+31	+8	-1	-1	-4	-8	-14	-16	-18	-13	-11	-6	-11
	construction confidence indicator (a)	+9	-36	-28	-47	-49	-51	-53	-56	-57	-61	-58	-57	-57	-54	-57
D	order-books	-17	-84	-30	-61	-73	-74	-73	-69	-62	-66	-62	-63	-60	-59	-57
	employment expectations	+10	-60	-7	-35	-44	-40	-45	-28	-16	-17	-16	-16	-17	-19	-14
	price expectations	+48	-37	-5	-41	-28	-23	-12	-7	-2	0	-3	-2	0	+5	+9
	construction confidence indicator	-4	-72	-18	-48	-59	-57	-59	-48	-39	-42	-39	-40	-39	-39	-36
F	order-books	:	:	-31	-48	-62	-66	-64	-58	-63	:	-63	:	:	-70	:
	employment expectations	:	:	-12	-24	-35	-34	-35	-29	-37	:	-37	:	:	-47	:
	construction confidence indicator	:	:	-21	-36	-49	-50	-50	-44	-50	:	-50	:	:	-59	:
I	order-books	-25	-68	-33	-29	-44	-42	-51	-49	-49	-52	-48	-51	-48	-48	:
	employment expectations	+10	-44	-11	-7	-13	-9	-27	-21	-19	-15	-29	-12	-16	-26	:
	price expectations	+85	+30	+71	+71	+54	+56	+30	+20	+13	+19	+16	+19	+3	+15	:
	construction confidence indicator	-8	-56	-22	-18	-29	-26	-26	-35	-34	-34	-39	-32	-32	-37	:
L	order-books	+21	-50	-12	-21	-46	-52	-51	-48	-57	-41	-57	-61	-52	-44	-50
	employment expectations	+31	-39	+6	-6	-25	-23	-17	-32	-32	-28	-22	-33	-42	-27	-38
	price expectations	+82	+11	+45	+30	+17	+20	+12	+3	-18	-13	-13	-10	-30	-24	-27
	construction confidence indicator	+26	-45	-5	-14	-36	-38	-34	-40	-45	-35	-40	-47	-47	-36	-44
NL	order-books	-8	-81	-39	-50	-57	-59	-59	-59	-57	-57	-56	-57	-59	-55	:
	employment expectations	+14	-13	-8	-14	-25	-25	-21	-24	-16	-24	-16	-15	-18	-14	:
	construction confidence indicator	+3	-47	-24	-32	-41	-42	-40	-42	-37	-41	-36	-36	-39	-35	:
UK	order-books	:	:	-33	-60	-59	-55	-58	-47	-52	:	-52	:	:	-46	:
	employment expectations	:	:	-27	-42	-25	-19	-18	-14	-11	:	-11	:	:	-13	:
	price expectations	:	:	+53	-16	0	+9	-3	+11	+6	:	+6	:	:	+15	:
	construction confidence indicator	:	:	-30	-51	-42	-38	-38	-31	-32	:	-32	:	:	-30	:
EC	order-books	:	:	-32	-51	-61	-61	-63	-58	-58	(-57)	-58	(-59)	(-57)	-57	:
	employment expectations	:	:	-14	-28	-24	-28	-32	-25	-22	(-21)	-24	(-20)	(-22)	-26	:
	construction confidence indicator	:	:	-23	-39	-43	-45	-48	-41	-40	(-39)	-41	(-40)	(-40)	-42	:

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) Owing to lack of data for certain Member States, Community totals are incomplete.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing industry is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (January, April, July and October):

- duration of assured production: in months?

The surveys are undertaken by:

- B - Belgium: Banque Nationale de Belgique
- DK - Denmark: Danmarks Statistik
- D - Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR - Greece: Institute of Economic and Industrial Research
- F - France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL - Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I - Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey
- DI (Department of Industry), for the investment survey
- National Federation of Building Trades Employers, for the construction survey.

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator and the share price index are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) is attributed half the weight of each of the other three. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD
Series B — 'Economic prospects — Business survey results' (11 issues per year)	9.82	400	6.75	5.80	11.50

